



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
DARRELL V. MCGRAW, JR.
CONSUMER PROTECTION DIVISION
1-800-368-8808 or 304-558-8986

Press Release

FOR IMMEDIATE RELEASE

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Attorney General McGraw Sues DirectBuy, Inc. and Local Franchise Over Pressuring and Unfair Sales Techniques

CHARLESTON - Attorney General Darrell McGraw filed suit today in the Circuit Court of Kanawha County against DirectBuy, Inc., headquartered in Merrillville, Indiana, and its local franchise, DirectBuy of Charleston-Huntington, and its President Timothy Parker for unlawful, coercive, deceptive, and high-pressure sales practices.

Beginning in 2009, consumers complained that DirectBuy, a discount buying club, pressured them into purchasing memberships costing thousands of dollars. DirectBuy coerced consumers by offering free trial offers, guaranteeing free gifts, and offering a variety of other promotions. When consumers attempted to redeem these offers, they discovered the offers were not available as promised. Instead, DirectBuy focused on selling expensive club memberships through a sophisticated and oppressive sales presentation.

DirectBuy targets prospective members by direct mail, internet, and television advertisements. The solicitations encourage consumers to contact the company to get their "free visitor's pass" to its exclusive showroom. If consumers sign up for a free pass, they are invited to a sales presentation at the local store. After acquiring the consumers' personal information, each consumer is paired with an individual salesperson for a high-pressure one-on-one discussion designed to close the sale.

During the one-on-one portion of the sales presentation, DirectBuy pressures consumers with its "now or never" tactic. DirectBuy warns consumers that anyone who leaves the premises without joining the club will be banned from joining forever. This threat is false, misleading, and unconscionable. When consumers become members, they discover that many of the promises DirectBuy makes during the sales presentation directly contradict the actual terms of the membership agreement. To induce consumers to purchase the membership, DirectBuy sales representatives offer money back guarantees, promise no hidden fees, and guarantee the lowest prices. These representations are false because the written contract specifically prohibits refunds, discloses various hidden fees, and plainly states that "DirectBuy does not guarantee that members will get the best price." DirectBuy discloses these material terms only after the consumer has purchased and signed the membership agreement.

After receiving several complaints from consumers, Attorney General McGraw's office opened an investigation into DirectBuy's practices and determined that the company was engaged in unlawful sales practices. "West Virginians should not be pressured with coercive, deceptive, and unlawful tactics into buying expensive club memberships that have little actual value," said McGraw.

Attorney General McGraw's office seeks a preliminary injunction barring DirectBuy from engaging in this unlawful activity in West Virginia until further order of the court. The complaint further requests that the court eventually order restitution, refunds, debt cancellation, and civil penalties.

Consumers who would like to file a complaint should call Attorney General McGraw's Consumer Protection Division at 1-800-368-8808 or 304-558-8986. Consumers can also print a complaint off the Attorney General's website at www.wvago.gov.

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